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Letter dated 29 May 2008 from the Chargé d'affaires a.i. of the Permanent Mission of Chile to the United Nations addressed to the President of the Economic and Social Council

I have the honour to transmit herewith the report of Chile for its national voluntary presentation at the 2008 annual ministerial review of the Economic and Social Council (see annex).

I would be grateful if you would circulate the present letter and its annex as a document of the Council, under agenda item 2 (c).

(*Signed*) Alfredo **Labbé**
Ambassador
Chargé d'affaires a.i.

08-37213 (E) 260608 270608

Annex to the letter dated 29 May 2008 from the Chargé d'affaires a.i. of the Permanent Mission of Chile to the United Nations addressed to the President of the Economic and Social Council

[Original: Spanish]

The Millennium Development Goals in Chile

National voluntary presentation of the Government of Chile*

The objectives and goals laid down in the Millennium Declaration are at the core of the development strategy that Chile has drawn up and implemented during the period since the restoration of democracy. During this time, Chile has achieved substantial economic growth, tripling the growth of the per capita product posted in the 1970s and 1980s. The poverty rate has been reduced by two thirds and employment has increased. In 1990, four of every 10 Chileans were living in poverty, and social policies were limited to welfare-oriented and sectoral actions.

The achievements of this period have been significant. Coverage at all levels of education has increased, as have average levels of schooling, and new opportunities have been provided for enrolment in higher education. At present, seven of every 10 secondary school students belong to the first generation in their families who have had access to higher education. In the field of health, maternal and infant mortality rates have fallen; special efforts have been made in primary care, and there is a network of over 1,600 health-care establishments. Access to basic sanitation services has increased, and environmental regulations have been put in place.

Although income distribution has improved since 2000, inequalities persist and are higher than they were during the 1960s. This shows that despite the country's efforts to meet the Goals, further progress is needed in connection with the different targets. Economic growth has not been stable; indeed, it has slowed down as the contagion of the Asian crisis was felt in Latin America. This brought to light the shortcomings of the international financial architecture and the weakness of international and national countercyclical mechanisms. These deficiencies have had a regressive effect, since fluctuations in economic activity have had a negative impact on smaller enterprises and unskilled workers.

From 2006 onward, the groundwork has been laid for a new stage, and thanks to the country's achievements over the last few years, it can undertake more ambitious actions and make needed changes in different areas. Chile has decided to lay the foundation for a new development policy. One of its challenges is to set up a social protection system that will ensure a better quality of life for the whole population and provide the basis for a more inclusive and citizen-oriented democracy. This social protection system focuses on recognizing and guaranteeing rights, creating tools for exercising them and implementing mechanisms for enforcing them.

This system is designed to serve people throughout their life cycle, as it addresses the risks, contingencies and vulnerabilities to which they are exposed. It entails implementing broad reforms in the pension system, the Chile Solidario

* Based on the second report of Chile on progress towards meeting the commitments undertaken in the Millennium Development Goals.

system, the Chile Crece Contigo system, as well as in the health system and in worker protection measures. Thus, many of our public policies no longer include quantitative targets, but rather focus on the challenge of ensuring quality services and effective protection of citizens, generating conditions that are key to equality of opportunities.

Development strategy

Since 1980, the main goal of the administrations of the Concertación party has been to improve the quality of life of the entire population, in particular by overcoming poverty and reducing inequality and different types of discrimination and exclusion. The aim is to construct a democratic, open and egalitarian society in which all citizens are able fully to realize their rights.

The main pillars on which the country's development strategy is based are economic growth, social development and democracy. Emphasis is placed on ensuring that economic policies are sustainable and linking them with social policies and political policies.

The policies are predicated on the recognition of growth as a key to lasting social development, given its impact on the labour market, on the purchasing power of wages and on the generation of resources to adequately finance social spending. The State has a key role to play in the area of social development. In this regard, it should be noted that between 1990 and 2007, Chile increased its gross domestic product (GDP) by a yearly average of 5.4 per cent.

Taking a medium-term approach, fiscal policy has focused on ensuring financial sustainability and the capacity to satisfy the needs of the population during times of crisis, on long-term budgetary restrictions and on efficiency in public administration. During the last 18 years, this approach has been carried out by well-established institutions, thus ensuring that it will be continued over time.

In addition to implementing tax reforms in 1990, under which tax rates were increased, and making the changes needed to ensure a steady flow of tax revenues, the Concertación administrations set up mechanisms that enable it to control economic cycles, thus ensuring the continuity of public policies in general and of social policies in particular, with a view to accumulating resources during periods of rapid growth and favourable terms of trade and ensuring financing when trends in the economic cycle are less positive or negative. It has thus been possible to avoid a procyclical effect between social spending and GDP that causes spending to be higher in times of boom and lower in times of recession. The measures allow for more active social protection in times of crisis.

Fiscal stability is especially important, given that the increasing globalization of the economy and the integration of markets have generated opportunities for growth and development for a number of emerging countries, which, however, have become more vulnerable owing to the fluctuations in the global economy, particularly in financial markets. Thanks to these mechanisms, the country is less vulnerable to financial crises and fluctuations and is able to maintain its social programme and even initiate new ones even when economic growth has been halted or weakened, as was the case following the Asian crisis in 1999. During these difficult periods, social programmes are needed more than ever.

One of the instruments implemented to stabilize trends in public spending is the Fondo de Compensación del Precio del Cobre (copper price compensation fund), whereby the public budget is tied to the medium-term price of copper rather than its current cash price. This makes it possible to save the difference between the two prices when the cash price is higher than expected over the medium term. Another tool is the structural balance approach followed in drawing up the fiscal budget.

In addition, the mining royalty law, which establishes a tax on large copper mining companies, was enacted. With the income from that tax, a fund was created to promote scientific and technological development and enable the country to diversify its production over the medium term, so as to avoid situations like those of the early twentieth century, when the nitrate industry collapsed.

From 2001 onward, the fiscal budget was designed to generate a structural surplus equivalent to 1.0 per cent of the gross domestic product (GDP). As the fiscal situation improved, the target was changed, in the 2008 budget, to 0.5 per cent of GDP. Under this rule, the annual spending budget is associated not only with the medium-term price of copper and molybdenum, but also to the growth of GDP.

In addition to fostering stability of social policies, the fiscal policy has increased public saving during periods of boom. It has also enhanced the credibility of Chile's fiscal authorities as issuers of international debt, reducing the sovereign premium, improving access to external financing during periods of negative external shock and minimizing the contagion effect of international crises. It has reduced the economy's need to rely on external financing. Finally, responsible fiscal management and the sound financial position of the country have enabled it to gear fiscal spending towards investment to strengthen long-term growth.

Consistent with the above, the stronger social policy has not only responded to the need to address social challenges that cannot be resolved solely through economic growth, the working of the market or temporary palliatives. It has also enhanced the country's potential for economic growth by fostering the development of the human capital needed for modernization, and it has helped to ensure stability and democratic governance.

This strengthening of public social programmes is reflected in changed budget priorities and in the subsequent increase in resources allocated to social purposes, which more than tripled between 1990 and 2007. In addition, social policy has been reoriented from a welfare approach to focusing on social investment policies and programmes aimed at developing human capital and guaranteeing equal opportunities.

As a result of all the above, social policies are targeted to certain priority groups, including boys and girls, the handicapped, indigenous groups, women and the elderly. The policies implemented entail identifying specific needs of each group in order to achieve their social integration. These policies include programme and institutional actions designed to meet their demands and needs. The procedure followed in identifying these groups has been flexible enough to allow for policies and programmes to be adapted to their particular needs and requirements, as evidenced recently in the Chile Crece Contigo child protection system.

Social policies have contributed to reflection and discussion on the design and implementation of public policies, civil society, non-governmental organizations

and academic centres, in the context of efforts to restore the country's democratic institutions.

In responding to the new demands, the institutions have focused on two areas: on creating a legal framework for positive action in policies and programmes to support these groups, and on creating government agencies to draw up and propose measures to enable them to meet their needs.

In this context, social policies have gradually begun incorporating mechanisms and tools for follow-up and periodic evaluation of the actions undertaken, with a view to making any adjustments that might be needed in a timely fashion.

In 2002, Chile made an important change in its social policies: it created the Sistema Chile Solidario, which targets families living in extreme poverty. This system has three fundamental components: a personalized support system whereby the poorest families receive psychological and social services; guaranteed subsidies; and preferential access to public social programmes. Under this system, the State seeks out families that belong to the target population; rather than acting on the basis of demand, it reaches out to serve those who are in the most precarious situations.

Several of these advances in social policy are being implemented in a context of slower economic growth, a situation that has prevailed since 1999. Instead of falling back and stagnating, the social programmes of the Chilean State have continued to move forward, learning from the experience gained in previous years.

Public policies and their results

The public policies adopted have allowed for real success in terms of economic growth, employment and poverty reduction. Substantial progress has been made in regard to health, schooling levels, economic and social infrastructure, as evidenced by the different indicators; this has been recognized by all the international agencies. Nevertheless, serious challenges remain, two of which are the recent slowdown of economic growth and the high degree of inequality, an issue that could make the difference between a country that merely grows and one that with steady step crosses the threshold of comprehensive development.

Political will by itself is not enough to overcome inequalities; it is also important to understand the source of the phenomenon, which is much more than income. Inequalities are evident in the earliest years of a person's life, they continue with the issue of educational opportunities, become more pronounced as the person suffers discrimination and are consolidated by adversity. In Chile there are many types of inequality that are closely interrelated, in terms of opportunities and of results.

The Concertación administrations have moved from welfare-oriented policies to laying the groundwork for a social protection network that is based on guaranteed rights. Progress has also been made in the area of labour. The share of employed workers who pay into the pension system has risen from 55 per cent in 1989 to 57 per cent in 2007; the real minimum wage was multiplied by 2.2 during the same period, after having been depressed for the two preceding decades. All this notwithstanding, however, the labour market is still very precarious. The country is still far from having a context of "decent" work for all.

Since the 1990s, poverty has decreased steadily, access to the most important social services has increased, social spending has had a real distributive effect, and legislation has been enacted to combat discrimination against different groups on the basis of ethnicity, gender, social and territorial origin, age or sexual orientation.

In the case of poverty, in particular, the poor population has been reduced from 38.6 per cent in 1990 to 13.7 per cent in 2006. Chile is thus the first Latin American country to achieve the goal of halving the proportion of the population living in extreme poverty.

In process, however, inequalities have persisted as a result of the inequitable distribution of income. Although this phenomenon has always existed in Chilean society, it has become more intolerable now because of the unequal inclusion patterns, which have nothing to do with merit but rather with a person's socio-economic or cultural origins and the lack of opportunities for them.

A growing perception of the extent of the inequalities leads to frustration and fear concerning insecurity and lack of protection in a society that is open to competition on globalized markets. The need for a social protection system arises not only from this sense of insecurity, but also from the rapid changes taking place in the society. These changes generate vulnerabilities associated with new risks, such as "modern" poverty and high turnover, employment instability, the difficulty of harmonizing domestic roles and family life, especially care for children and the elderly, as more and more women join the workforce.

No adequate response has been found for other families who are vulnerable in different ways, or for the ageing of the population and the situation of immigrants whose numbers are increasing. These vulnerabilities go beyond the population living in poverty and threaten certain segments of the non-poor population, especially children, persons with disabilities, older persons, especially those living alone, teen mothers and female heads of household, indigenous communities and individuals, and immigrants.

Feeling more secure does not mean only being protected from the risk of disease, theft, unemployment or old age; it also has to do with having the opportunity to play a part in the country's progress and receiving fair pay for the effort made.

The main function of social policy should be to eliminate insecurity, this being understood in the broad sense. In the past, social policies have helped to combat poverty, satisfy minimum needs for subsistence and allow access to education, health or housing. The time is now coming when social policies are part of an overall social protection system that is capable of opening up opportunities and limiting risks for those who are not able to protect themselves.

In this context, in addition to Chile Solidario, mentioned above, the social protection system also includes the comprehensive child protection system known as Chile Crece Contigo. This programme follows an intersectoral and multidisciplinary approach to child protection of children that is unprecedented in Chile and has wide territorial coverage. Through it, boys and girls will be protected from the moment of conception with relevant and timely services that allow for early stimulation and provide opportunities for their comprehensive development.

The purpose of the system is to provide equal opportunities for people from the earliest stages in life. Early childhood must be given priority attention in order to break down differences arising from children's origins and to lay the groundwork for a more secure society.

The reform of the pension system is also one of the main lines of action of the social protection system. A law enacted in March 2008 establishes a pension system that is based on three pillars: a pillar of solidarity (pilar solidario) whereby two benefits are provided, i.e., a basic pension (pensión básica solidaria) and a contribution (aporte solidario) consisting of a bonus to supplement the lowest pensions which is a minimum amount in the case of higher pensions; a voluntary pillar (pilar voluntario) the purpose of which is to facilitate, support and encourage non-obligatory saving for old age; and the aforementioned contributory pillar (pilar contributivo), consisting of individual capitalization contributions, to which are added improvements to enhance the competence and transparency of the system.

This reform incorporates specific measures to address gender inequalities arising from the fact that women have a lower level of participation in the labour market throughout their lives, their incomes and retirement savings are lower, and they have a longer life expectancy. The changes implemented as of this year will improve access to and the level of pensions available to women. Incentives are also created for hiring young people in the form of a subsidy to enhance their employability.

The scope of this reform is just as important as its construction and design. During 2006, the Government convened a commission of representatives of all schools of thought which opened up a participatory process to consider observations, opinions and testimonies of representatives of different social groupings regarding the reform. With all this information, the commission prepared a report that served as the basis for drafting the bill that was submitted to democratic debate in the legislature. The discussion covered all aspects of the reform. Agreement was reached with parliamentarians from all parties on improvements to the original proposal, culminating with political and technical support to the initiative and its subsequent adoption.

Educational policies in general have been targeted to the masses. In addition, a new phase is beginning in which education is impacted by the influence on society of knowledge and globalization, as well as new information and communication technologies. All this makes it necessary to improve the quality of teaching and learning and to ensure that they are available to all sectors of society.

To help comply with the educational target, educational policies envisage strengthening efforts to address school dropout rates, teen pregnancy, work of young people and standardization of courses. In 2003, a differentiated subsidy was provided to encourage children to stay in school; this consists of an additional payment to the educational establishment to encourage vulnerable students not to drop out and to complete the cycle. This is aimed at enforcing a recent constitutional amendment establishing that secondary education is obligatory and free; as a result, all young people must be provided with 12 years of schooling. In this same context, a "preferential school subsidy" was created, as well as a comprehensive system of scholarships to encourage student retention in the educational system.

As a result of the above, coverage at all levels of education has increased, illiteracy has been reduced and significant progress is being made in preschool education. The enrolment rate at transitional levels 1 and 2 rose from 40.1 per cent to 74.6 per cent among boys and girls aged 4 and 5. Progress in promoting equal opportunities between the sexes was noted, especially in access to all levels of education.

As noted above, programmatic policy decisions have been accompanied by financial, economic and legislative action. This has been the course followed by the most important reforms in social policies in recent years, namely, the aforementioned reform of the pension system and the reform of the health system.

The health system reform represents a landmark in public policy. Essentially, it guarantees universal coverage of benefits and includes explicit health guarantees relating to access, quality, financial protection and timeliness in the granting of benefits associated with a priority set of programmes, diseases or health conditions. This change has been implemented gradually. It began with guaranteeing services for 25 diseases, then was increased to 40; at present, 56 diseases are covered, and it is expected that 80 will be covered by the year 2010.

Great strides have been made in the area of health. The indicators for the infant population have shown a positive trend, as they have for the country in general. This is the result of interventions in connection with social and economic factors; added to the efforts of the health sector itself, these have been translated into significant progress with regard to problems that affected children over the last four decades. Thus, diarrhoea, malnutrition and acute respiratory diseases, which influenced infant mortality figures, have disappeared or decreased. Thus, between 1990 and 2005, the infant mortality rate fell from 16 to 7.9 per 1,000 live births; malnutrition dropped from 0.7 per cent to 0.3 per cent in children under 6 during the same period; the maternal mortality rate fell from 40 to 19.8 per 100,000 live births.

Women's health has always been one of the pillars of health care and as such has been the subject of a specific programme from the beginning of the organization of the Chilean health system. Over time, the programme has been changed; during the last decade, it moved from an approach of maternal and perinatal health care, emphasizing reproductive health, to the women's health programme, oriented to provide a comprehensive response to the different needs of women throughout their life cycle. As a result of these actions, maternal mortality has fallen steadily. Likewise, in work carried out to stop the spread of AIDS, education has been fundamental to preventing the disease, as well as to having the active collaboration of civil society for this cause.

With regard to environmental management, changes have been made from 1990 onwards. Environmental issues are explicitly included in the agenda of public policy on protection and care of the environment. During that year a National Commission on the Environment (CONAMA) was created as a transitional mechanism. Environmental issues had formerly been dealt with by several different sectoral agencies that were concerned with regulation or direct action in the different sectors of production. This approach was considered inefficient in dealing with problems such as atmospheric pollution; water pollution caused by the lack of treatment of residential and industrial liquid waste; overexploitation and lack of mechanisms to protect the forests and the seas.

In 1994, the National Commission on the Environment was established by law as the agency responsible for coordinating the different sectors concerned with the environment, and work was begun on the discussion and subsequent enactment of the General Bases of the Environment Act. There was broad national consensus that this organization should stress the principle of sustainable development, so as to reconcile environmental protection with economic development in a context of social equity and public transparency. The international insertion of the country also encouraged the adoption of a proactive approach in production processes, as well as greater relevance of the environmental issue on the international public agenda. Thus, significant progress was made: environmental institutions were consolidated; the groundwork was laid for an environmental management system through the establishment of preventive and corrective tools, education, research and citizen participation; management, prevention and clean-up plans were designed, and in 1998, the environmental policy was established, focusing on sustainable development.

In 2000, the process of establishing environmental standards and plans was further developed. An information series was implemented to encourage improved management. Oversight, education and environmental certification were expanded, and human and budgetary resources for CONAMA were increased substantially, demonstrating the commitment of the executive branch to improve this management and create conditions for more sustainable development.

In 2007, law No. 20,173 was enacted. This law established the post of Minister President of CONAMA, one of whose main duties was to draw up and submit to the parliament the bill creating the Ministry of the Environment and the Office of the Superintendent of Environmental Oversight. These new environmental institutions will strengthen protection of the environment and compliance with environmental standards.

The analysis of some of the indicators shows that in the area of environmental sustainability of development, consumption of chlorofluorocarbons, which are ozone-depleting substances, has decreased. Coverage of drinking water has increased, both in urban and in rural areas; sewerage services have 95.2 per cent coverage in urban areas, and treatment of urban waste water rose from 20.9 per cent in 2000 to 81.9 per cent in 2006, and expected to reach 100 per cent during the second decade of this new millennium.

As far as housing is concerned, with the creation of the Chile Barrio programme, the situation of more than 105,000 families who lived in slums has been resolved. This, added to the implementation of the regular programmes of the Ministry of Housing and Urban Development, has made it possible to reduce by 73.7 per cent the number of homes with insecure tenure (UN-Habitat indicator) between 1992 and 2006. The target and the goals proposed in this area are being met.

Pending challenges and tasks

The history of social policies and advances over the last 17 years provides a sound basis for tackling the next challenge: to build up in Chile a comprehensive system of social protection, based on social rights that will guarantee equal opportunities and coverage of the main risks that threaten low-income families

throughout their lives. The challenge is to address it as a national task, as doing so will radically enhance the chances of success.

In order to ensure the sustainability of a comprehensive system of social protection, it is imperative to move ahead at the same time with the productive development agenda, so as to enhance the employability of the workforce and the productive capacity of small and medium-sized enterprises.

This report reflects great challenges and tasks that are pending, including that of reducing inequalities in income distribution. Although this problem is less serious in a context of democracy, it goes through fluctuations and the situation is still not satisfactory. Economic fluctuations, which cause activity to fall below the potential GDP (or installed capacity), have had a negative effect on small and medium-sized enterprises and on unskilled workers. The exchange rate trends have been a recurring problem. This has a negative effect on the generation of value added to exports of natural resources and discourages upgrading of exports in terms of their capacity to invigorate the rest of GDP.

Despite the substantial progress observed in society, greater social equity remains a major and continuing challenge, in a country with great achievements in development. Average wages are still low, although rising; gender inequities are evident in the workplace, in regard to participation in the job market, in access to high-level positions, and in wages received in similar occupational categories. Another major challenge has to do with political participation of women, who are underrepresented in the legislative branch, far from the targets proposed for 2015.

A good system of social protection helps people throughout their life cycle, protecting their first steps, ensuring access to opportunities for education and jobs, covering their risks of disease and disability, guaranteeing old age with dignity. The early years are crucial in the development of competencies and key capacities that remain with people all their lives. Stimulation and socialization of children in this stage determine, to a large extent, their ability to perform at later stages of learning, ensure healthy physical and psychological development, and have a satisfactory lifestyle in terms of work, family and social interaction during their adulthood.

In the field of health, challenges have to do with effectively ensuring the gradual implementation of the health reform for all guaranteed health problems. This entails timely and high-quality care for people by legally protecting their rights with pre-established and well-known mechanisms and procedures. This will make it possible to address current health-care demands in the area of infant malnutrition. The main problem the country needs to continue working on is obesity, which involves carrying out actions not only in the field of health, but also working with a number of institutions that can help people overcome the problem. Likewise, efforts must be directed, in a country with an ageing population, at containing the advance of cardiovascular diseases, diabetes and cancer, as well as habits such as smoking, drinking and sedentary lifestyles, and the increasing penetration of drugs. All these factors affect the well-being and health of the population.

In education, once coverage has been expanded at all levels, policies and programmes face the challenge of improving the quality of education and reducing inequities in learning processes. Education is a fundamental asset both for improving quality of life and for increasing access to the labour market and raising wages, and for contributing to the growth and competitiveness of the country.

With regard to environmentally sustainable development, it should be noted that in 2005, Chile submitted to an evaluation of its environmental performance in the context of its joining the Organization for Economic Cooperation and Development (OECD). As a result of the evaluation, 52 recommendations were made. The most important challenges include the strengthening of environmental institutions so as to more efficiently address environmental problems, both national and global. It was also recommended that the system of protection of wildlife and marine areas be improved, as well as biodiversity conservation and promotion of efficient energy use.

In addition, the institutions responsible for environmental management must deal with inequity in environmental matters. Everyone has the right to have access to adequate environmental conditions, and for environmental risks to be reduced among different groups. To meet this goal, the Government is drawing up the bases for a new environmental policy, the central focus of which will be environmental equity.

Guaranteeing environmental sustainability today calls for major efforts and coordination not only by the State but also by civil society and the productive sectors, so as to coordinate actions to adequately address environmental problems and protection of ecosystems.

The housing policy has changed significantly in recent years. The main challenges to be addressed under the new policy are to meet quantitative needs (reduce the housing deficit, target families living in poverty), guarantee quality (improve standards and the design and construction of dwellings) and promote social integration (setting housing solutions in neighbourhoods and cities).

In brief, Chile has met a significant number of its targets, and is in a position to meet others before 2015. The implementation of a consistent political, economic and social strategy under the current democratic system places the country in a good position to meet the commitments it undertook in 2000. At the same time, the progress made requires it to assume with greater vigour the pending challenges, beyond the Millennium Development Goals, with a view to creating conditions for sustainable development and to further strengthen its democracy, with equal opportunities for all the country's inhabitants.

Cooperation and the international environment

In the early stages, international cooperation which was largely geared towards seeking and receiving resources for cooperation. The emphasis soon shifted towards the sharing of goals between those who received and those who provided cooperation. This was reflected in the creation of the Chilean Horizontal Cooperation Programme, which was designed as a means for passing on that which had been received and supporting, insofar as the country was able, the development efforts of countries that were less developed or at the same level of development as Chile. This Programme was formally set up in 1992, and its purpose was to implement the Chilean Government's desire to share its capacities and experiences, particularly in Latin America and the Caribbean. This type of relations with those countries became an integral part of Chile's foreign policy.

Chile also participates actively in peacekeeping missions. In this regard, it has played an important role in cooperating with MINUSTAH, in Haiti, an action that has extended to civilian cooperation with programmes aimed at helping that country overcome poverty.

The country has participated, since its inception, in the Initiative against Hunger and Poverty that was launched by the Governments of Brazil, Chile and France in 2004. This initiative, which involves cooperation between countries in the North and the South, has identified mechanisms and tools for innovative financing of global actions to advance towards meeting the Millennium Development Goals. Its was set up as a response to delays in meeting the Goals by several developing countries, partly because of lack of financing. An effort was made to find new sources, preferably predictable and stable, to complement official development assistance (ODA). In September 2004, at United Nations Headquarters, the Heads of Government of member countries of the Initiative submitted proposals on a number of innovative financing mechanisms.

In September 2005, on the occasion of the Summit at the United Nations, at which compliance with the Goals was evaluated, the Initiative announced its first pilot programme, aimed at combating three pandemics that generate poverty and serious socio-economic backwardness. The financing would come mainly from an innovative source, namely, special rates applied to airline tickets. Since 2006, Chile has applied an airport tax of two dollars that is paid by every passenger travelling abroad. This is contributed by Chile to the United Nations system for the implementation of actions against hunger and poverty around the world. The funds are contributed to a pilot programme known as UNITAID which was set up in 2006 and is aimed at combating AIDS, malaria and tuberculosis. UNITAID operates within the World Health Organization so as to avoid overlapping overhead costs.

Finally, two other forms of international cooperation should be mentioned before concluding this report. One has to do with technical cooperation for development, which is a key factor for growth with equity. This programme provides training for workers and for small-scale entrepreneurs. Chile is making changes in its current training programmes. To supplement ongoing actions, it needs the cooperation of countries that have successfully improved their workforce with the support of effective training programmes that could facilitate Chile's performance.

The second aspect has to do with the international environment in which the so-called emerging economies are developing. It is noteworthy that most of the Latin American economies have gone through a serious and lengthy period of economic disequilibria, owing to the effect of the Asian crisis. Chile's GDP barely grew by 2.6 per cent per year between 1999 and 2003. This affected its potential for social and productive progress during those years. The international environment was not encouraging for countries like Chile, which had acted responsibly in the preceding years, in its efforts to deal more effectively with negative

external shocks. It has been proposed that institutions such as the International Monetary Fund should review their compensatory or countercyclical financing facilities so that when similar situations arise in future, creating negative shocks in export prices or financial volatility, countries that have previously demonstrated responsible behaviour would be provided with: (i) all the external funds needed to maintain high utilization of its productive capacity; (ii) quickly and in timely fashion and (iii) with no additional conditions. The funds required could come from the resumption of special drawing rights (SDRs) by the International Monetary Fund (IMF); this would represent a significant step towards a more balanced globalization process than that which currently prevails. This proposal has been submitted by the Initiative for Action against Hunger and Poverty with the active support of Chile. It is described in the 2008 report to the Committee on Development Policy (CDP) of the Economic and Social Council.

Annex

The first report of Chile on its progress in complying with the Millennium Development Goals was published in 2005. In that report, Chile established baselines for the minimum indicators for the targets, as well as additional indicators for 2015 in connection with each Goal, bearing in mind the availability of resources and the country's economic growth, socio-economic conditions and development policies and strategy. The second report shows the current status of each target and its evolution since 1990, the progress made for each indicator, the main challenges faced and the policies and programmes that make up the framework of support for achieving the goals, as well as an appraisal of follow-up capacity and progress towards fulfilling each commitment. The information provided includes an overview of the economic, social and environmental conditions prevailing in the country.

In order to identify remaining shortcomings, a serious effort has been made in the second report to disaggregate information by territories, so that the development goals are seen not only as commitments to be met at the national level, but also as requirements for actions to enable individual regions to achieve them, leaving no territory behind. The information is also broken down by sex, age and ethnic origin, where pertinent and feasible, in order to analyse specific differences between groups that might point to a need for additional measures and strategies to achieve all the targets and goals. Likewise, a brief description of progress in public policies is provided, focusing on economic and social rights.

Millennium Development Goals: minimum indicators

Indicators	*1990*	*2000*	*2006*	*2015 Target*
Target 1				
1. Proportion of population whose income is less than $1 per day	3.6%	2.2%	1.1%	1.8%
2. Poverty gap ratio (incidence x depth of poverty)	1.6%	1.0%	0.5%	0.8%
3. Share of poorest quintile in total monetary income	4.4%	4.3%	4.7%	4.6%
Target 2				
4. Prevalence of underweight children under six years of age	0.7%	0.5%	0.3%	0.5%
5. Proportion of population below minimum level of dietary energy consumption	8.0%	4.0%	4.0%†	4.0%
Target 3	*1990*	*2000*	*2005*	*2015 Target*
1. Net enrolment ratio in basic education (primary and lower secondary)	88.0%	91.0%	88.0‡	95.5%
2. Proportion of pupils starting grade 1 who reach grade 5	N/D	91.6%	93.3%	100%
3. Literacy rate of 15-24-year-olds	98.4%	99.1%	98.7%	99.8%
Target 4				
1. Ratio of girls to boys in basic education	1.00	0.97	0.94	1.00
2. Ratio of girls to boys in middle education	1.05	1.02	1.01	1.00
3. Ratio of girls to boys in higher education	0.81	0.87	0.97	0.97
4. Literacy rate of 15-24-year-olds, ratio of women to men	1.04	0.99	1.01	1.00
5. Share of women in wage employment in the non-agricultural sector	31.5%	35.8%	36.5%	40%
6. Proportion of seats held by women in national parliament	6.0%	9.5%	12.6%	40%
Target 5	*1990*	*2000*	*2005*	*2015 Target*
1. Under-five mortality rate (per 1,000 inhabitants that age)	0.79	0.31	0.34	0.26
2. Infant mortality rate (per 1,000 live births)	16.0	8.9	7.9	5.3
3. Proportion of 1-year-old children immunized against measles	96.8%	97.0%	89.7%	97.0%

Target 6				
1. Maternal mortality ratio (per 100,000 live births)	40.0	18.70	19.8	10.0
2. Proportion of births attended by skilled health personnel	99.2%	99.7%	99.8%	100%
Target 7				
1. HIV prevalence among pregnant women, nationwide[§]	N/I	0.05	0.05	0.05
2a. Condom use among 15-24-year-olds (initiating sexual activity)**	N/I	18.0%	46.1%	50.0%
2b. Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS	N/I	35.0%	70.0%	95.0%
2c. Availability of condoms among population aged 15-49 (number of condoms imported/15-49-year-old population)[††]	N/I	1.7	2.6	5.0
3. Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years[‡‡]	N/I	N/I	N/I	N/A
Target 8				
4. Incidence and death rates associated with malaria	N/A	N/A	N/A	N/A
5. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures	100.0%	100.0%	100.0%	100.0%
6. Prevalence of tuberculosis (100,000 inhabitants)[1]	52.2	19.9	14.2	7.5
7. Proportion of tuberculosis cases detected and cured under directly observed treatment short course	82.0%	84.0%	83.0%	95.0%
Target 9				
1. Proportion of land area covered by forest (including plantations and native forest)	20.18%	20.40%	20.88%	Increase
-Plantations	2.34%	2.62%	2.98%	Increase
-Native forest	17.84%	17.78%	17.90%	Keep decreasing
2. Ratio of land area protected to maintain biological diversity to total area	18.02%	18.81%	18.95%	Increase
2.1 Total protected land area (National System of Protected Wildlife Areas of the State — SNASPE)	18.01%	18.66%	18.95%	Increase
2.2 Total marine and coastal protected areas (Marine and Coastal Protected Areas — AMCP)	0.012%	0.15%	0.81%	Increase

3. Energy use (equivalent tons of petroleum) per $1 million GDP				
Energy intensity in Tep/MMUS$	104.1	98.4	88	[b]
4. Per capita CO_2 emissions and consumption of ozone-depleting substances (tonnes PAO)				
-CO_2 emissions	-	-		[c]
-Total CO_2 emissions	15 423.73[d]	43 953.06[e]	*	
-Per capita CO_2 emissions (tonnes/inhabitant)	-1.17[d]	2.82[e]	*	
5. Proportion of population using solid fuels	-			[h]
5.1 Proportion of dwellings using wood-burning cookers in the city of Temuco, by socio-economic level				
-High socio-economic level	N/I	8%[j]	1%	Reduction
-Medium socio-economic level	N/I	28%[j]	13%	Reduction
-Low socio-economic level	N/I	59%[j]	54%	Reduction
5.2 Proportion of dwellings using simple wood-burning heaters in the city of Temuco, by socio-economic level				
-High socio-economic level		30%[j]	24%	Reduction
-Medium socio-economic level		39%[j]	31%	Reduction
-Low socio-economic level	N/I	11%[j]	21%	Reduction
Target 10				
6. Proportion of population with sustainable access to an improved water source, in urban and rural areas				
6.1 Proportion of people lacking sustainable access to drinking water in urban areas	2.60%	0.2%	0.2%	0.0%
6.2 Proportion of people lacking sustainable access to drinking water in rural areas	23.50%	1.5%	1%	0.0%
7. Proportion of population with access to an improved sanitation facility, in urban and rural areas				
7.1 Proportion of urban population without sewer system	17.4%	5.6%	4.8%	0.0%

Target 11	2002	2006	2015 Target
8. Proportion of people with access to secure tenure			
8.1 Proportion of urban population living in slums (secure tenure index) UN-Habitat	10.65%	2.49%	3.6%

‡ From 2006 onward, the Ministry of Education has implemented the proposal by OECD and, in particular, UNESCO-OREAL, for estimating net enrolment rates. Taking into account this change, it can be seen that the net enrolment rate for basic education in 2006 was 94%, which is an encouraging sign that the target of universal coverage for this level of education by 2015 can be met.

§ This indicator replaces the one on Prevalence of HIV among pregnant women aged 15 to 24 years. The value for 2000 corresponds to 1999.

** Replaces the indicators on condom use in rate of use of contraceptives by married women aged 15 to 49 years; condom use among 15-24-year-olds in situations of high risk (men) and condom use among 15-24-year-olds (women). The Source is changed for 2005.

†† No information is available on enrolment of boys according to whether they are orphans or not.

[a] Information for 2004.

[b] The country has no committed target for this indicator.

[c] The targets are set in the United Nations Framework Convention on Climate Change. Chile has no committed targets under the Kyoto Protocol.

[d] Total net emissions calculated on the basis of PRIEN 2000 and INIA 2005 inventories.

[e] Total net emissions for 2001 calculated on the basis of PRIEN 2000 and INIA 2005 inventories.

[f] Net per capita emissions calculated on the basis of DICTUC 2004 and INIA 2005 inventories. Source of demographic data: National Statistical Institute (INE).

• Chile is preparing its second national communication in the framework of the Convention on Climate Change, from which information for 2006 will be obtained.